



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

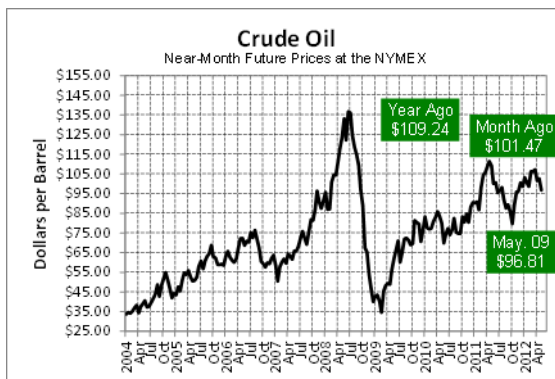
May 11, 2012

Crude Oil

U.S. crude oil prices decreased \$4.66, or 5 percent, to \$96.81 per barrel in the past month and stand 11 percent lower than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	05-09-10	04-05-12	change	05-04-11	change
NYMEX	\$96.81	\$101.47	down 5%	\$109.24	down 11%

- At the New York Mercantile Exchange (NYMEX), crude oil futures for June delivery ended \$0.20, or 0.2 percent, lower May 9 to close at \$96.91 per barrel, as the weekly federal fuel inventory report showed another week of growth in domestic oil supplies and the economic downturn in Greece. Crude prices have declined 6 straight days, the longest losing streak in almost 2 years. Crude prices are down 11 percent compared to the same period last year.



U.S. oil inventories climbed to nearly 380 million barrels (MMB). That number is higher than it has been since Operation Desert Shield that began Aug. 7, 1990. The all-time record for crude oil stocks occurred weeks before, when inventories flirted with 392 MMB in late July 1990. Some observers don't rule out getting within an estimated 5 MMB of that domestic stock level this year.

Equities slipped and the euro weakened after weekend elections in Greece. Crude oil prices have slipped 8.8 percent in 6 days, the longest downturn since July 2010. Crude stockpiles at Cushing, Oklahoma, rose 1.16 MMB to a record 44.1 million. The election aftermath in Greece, which has 436 million euros (\$566 million) of debt coming due on May 15th, weakened the euro versus the dollar for an 8th day. The euro fell as much as 0.7 percent to a 3-month low of \$1.2912. The Standard & Poor's 500 Index declined for the 5th time in 6 days, dropping 0.5 percent. The cost of insuring against a Spanish default surged to a record on concern that a bailout of Bankia, the nation's third-biggest lender, won't fend off a banking crisis triggered by bad real estate loans. There is increasing speculation Spain will become the 4th European country to seek a rescue as its lenders become overwhelmed by 184 billion euros (\$239 billion) of bad assets linked to real estate.

- Compared to this time last year, the U.S. crude oil futures settlement price of \$96.81 is \$12.43, or 11 percent, lower.

- Total petroleum products supplied to market over the last four-week period ending May 4 averaged 18.7 MMB/D, down 0.8 percent, compared to the similar period last year.
- According to the May 9 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories increased 3.7 MMB at 379.5 MMB for the week ending May 4. U.S. crude supplies are now 9.2 MMB higher than at this time last year.
- Crude imports for the week ending May 4 were 8.9 MMB/D, up 0.14 MMB/D from the prior week. Imports at this time last year averaged nearly 9.0 MMB/D. Crude oil inventories represent 26 days of forward cover compared to 26.3 days at this time last year.
- U.S. refinery crude runs were up 80,000 barrels per day with refiners processing 14.9 MMB/D of crude for the week ending May 4. U.S. refinery capacity use was 86.4 percent, up 0.5 percent from the prior week and up 4.7 percent compared to this time last year.
- Gasoline output was up at 8.8 MMB/D on the week as refineries ramped production in certain areas of the U.S. Gasoline output was up 0.23 MMB/D on the week but down 155,000 per day compared to last year at this time. Distillate output increased slightly at 4.4 MMB/D for the week ending May 4, and stands 207,000 barrels per day higher compared to the production level at this time last year.

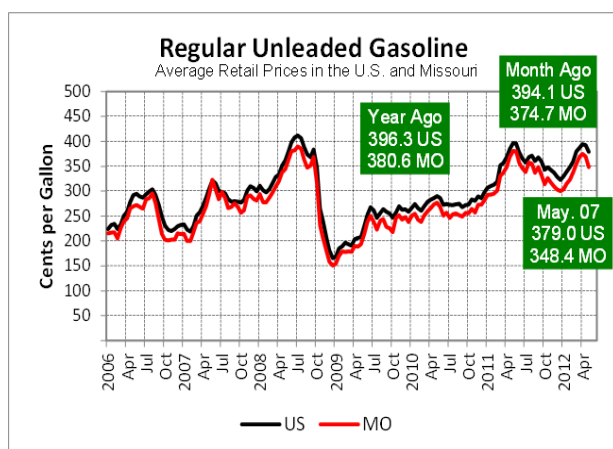
Transportation Fuels

On May 7, Missouri's statewide average retail price for gasoline was \$3.48 per gallon, down 26.3 cents or 7 percent in the past month.

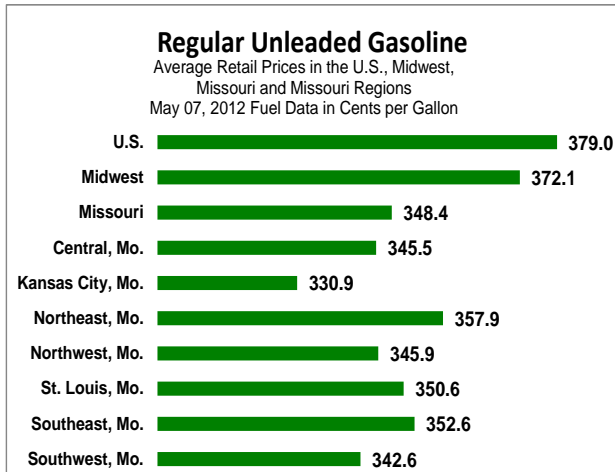
Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	05-07-12	04-02-12	change	05-02-11	change
US	379.0	394.1	down 4%	396.3	down 4%
Missouri	348.4	374.7	down 7%	380.6	down 8%

Diesel Fuel - Retail Prices (cents per gallon)					
	05-07-12	04-02-12	change	05-02-11	change
US	405.7	414.2	down 2%	412.4	down 2%
Missouri	384.9	393.0	down 2%	395.7	down 3%

- On May 7, Missouri's average retail price for gasoline was \$3.48, a decrease of 26.3 cents in the past month. The average price for diesel fuel was down by 8.1 cents in the past month. Missouri's average retail gasoline price is \$0.32, or 8.0 percent, lower, while the average diesel fuel price is \$0.11, or 3 percent, lower for the comparable period in May 2011.

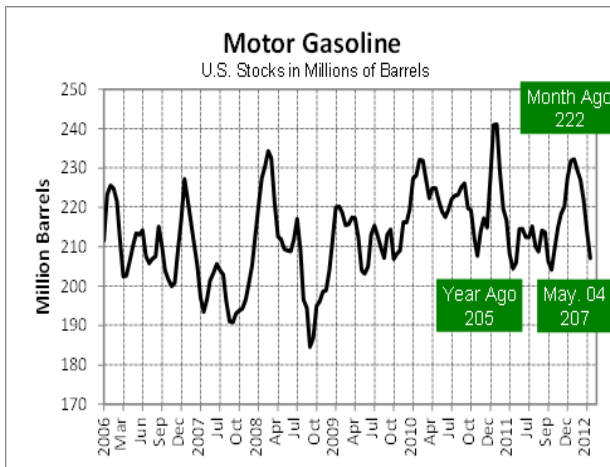


- The U.S. average price for regular gasoline was down by 15.1 cents per gallon, or 4 percent, compared to last month at \$3.79 per gallon. The U.S. average was about \$0.17, or 4 percent, lower compared to this time last year. In the past week, the U.S. average decreased by 4 cents per gallon.

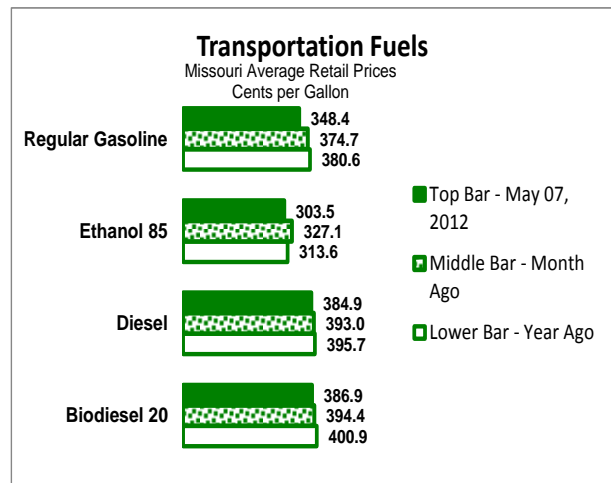


4-week period last year.

- U.S. gasoline supplies decreased 2.6 MMB at 207.1 MMB for the week ending May 5. Gasoline inventories represent 23.8 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are up 1.3 MMB compared to this time last year and trend at the mid-range of the five-year average for this time of year.
- Distillate stocks decreased at 120.8 MMB and stand 23.5 MMB lower compared to the same period last year. Distillate demand was up at nearly 4.0 MMB/D for the week ending May 4 and up 188,000 barrels per day compared to the same period last year. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was up about 407,000 barrels per day. On a four-week average, distillate demand was up 6,000 barrels per day compared to the same period last year at 3.8 MMB/D.



- Gasoline imports decreased to 0.6 MMB/D for the week ending May 4; about 167,000 barrels per day lower compared to the prior week, and 605,000 barrels per day lower than last year at this time.
- Implied demand for gasoline increased slightly the week ending May 4 at nearly 8.9 MMB/D, up by 172,000 barrels per day from the prior week and about 38,000 barrels per day higher compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.7 MMB/D, 288,000 barrels per day, or 3.2 percent, lower compared to the same



- On May 7, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was about \$3.04 per gallon, 44 cents or about 15 percent lower than the average price for conventional motor gasoline.
- On May 7, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.87 per gallon, or about 2.0 cents or less than 1 percent higher than the statewide average retail price for conventional diesel fuel.

- According to EIA's May 8, 2012, *Short Term Energy Outlook*, regular-grade motor gasoline retail prices are estimated to average \$3.71 per gallon in 2012, compared with \$3.53 per gallon last year. During the April through September peak driving season, prices are forecast to average about \$3.79 per gallon.

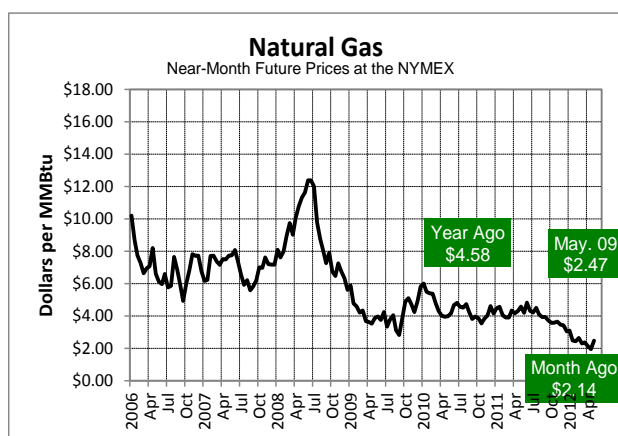
Natural Gas

Approximately 58 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On May 9, natural gas futures closed at \$2.47 per million British thermal units (MMBtu), up 33 cents from a month ago and down \$2.11 compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	05-09-12	04-04-12	change	05-05-11	change
NYMEX	\$2.47	\$2.14	up 15%	\$4.58	down 46%

- Natural gas futures for June delivery increased \$0.33 in the past month to a final closing price of \$2.47 per MMBtu on May 9.
- At the NYMEX, the June 2012 contract during the trading week increased 21.2 cents to close at \$2.47 per MMBtu on May 9.



At the NYMEX, the June 2012 contract increased from \$2.253 per MMBtu last Wednesday to \$2.465 per MMBtu on May 9, an increase of 21.2 cents per MMBtu or 9.4 percent. With the exception of a 3 percent drop on Friday, the contract rose steadily over the week. The 12-Month Strip (average of June 2012 through May 2013 contracts) followed a similar pattern with a 19.5 cent per MMBtu (6.8 percent) increase for the week.

- According to EIA, domestic natural gas consumption fell by 7.1 percent from last week, driven by a 24.2 percent decline in residential/commercial sector consumption and a 2.7 percent decline in the industrial sector. Consumption increased in the power sector, which ended the week up 2.2 percent, 44 percent above last year's consumption for the same week.
- Working gas in storage as of May 4 totaled 2,606 billion cubic feet (Bcf), 44.5 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 799 Bcf, or 44.2 percent, higher than last year at this time.

Propane

Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

(Note: From April through September, residential retail propane prices are reported only for the first full week of each month.)

On May 7, the average Missouri retail price for residential propane was about \$1.88 per gallon, down 14.9 cents in the past month.

Propane - Retail Prices (cents per gallon)					
	<u>05-07-12</u>	<u>04-02-12</u>	<u>change</u>	<u>05-02-11</u>	<u>change</u>
Missouri	188.0	202.9	down 7%	202.9	down 7%

- According to the Division of Energy's statewide propane price survey conducted May 7, Missouri retail residential propane prices were down 14.9 cents, or 7 percent, in the past month.
- According to the survey, the highest Missouri retail residential price for propane was nearly \$2.10 per gallon, while the lowest retail price was about \$1.65 per gallon.
- For the week ending May 4, U.S. inventories of propane increased 2.5 MMB to end at 51.0 MMB. Propane inventories are now 22.3 MMB higher compared to the same period last year. Implied demand for propane decreased 119,000 barrels per day at 0.88 MMB/D for the week ending May 4, and down 47,000 barrels per day compared to the demand level for this time last year.
- For the week ending May 4, Midwest propane inventories increased about 0.5 MMB. At 20.1 MMB, Midwest inventories are 7.7 MMB, or about 62.1 percent, higher than the 12.4 MMB reported at this time last year.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources' Division of Energy. The Division of Energy collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the division's Web address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Division of Energy, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm